



STATE OF COLORADO

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State Auditor

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November 1, 1996

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the general purpose financial statements of the State of Colorado, as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Colorado, as of June 30, 1996, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 1996, on our consideration of the State of Colorado's internal control structure and a report dated November 1, 1996, on its compliance with laws and regulations.

As discussed in Note I, paragraph A, to the financial statements, the State has included the financial activities of the Colorado Uninsurable Health Insurance Plan. This represents a change in presentation from the prior year.

As discussed in Note III, paragraph K, to the financial statements, the State changed the fund type used to account for risk management from a proprietary fund type to the General Fund.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Colorado. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section, graphic presentations, and statistical section were not audited by us and, accordingly, we do not express an opinion on them.

A handwritten signature in black ink, reading "J. David Barber". The signature is written in a cursive style with a large, stylized initial "J".